Saskatchewan
Finance

Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Information Bulletin

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SASKATCHEWAN INDIAN TAX EXEMPTION

FOR ON-RESERVE FUEL AND TOBACCO PURCHASES

This bulletin provides information on the tax exemption provided to Status Indians for their on-reserve fuel and tobacco purchases and the processing of fuel and tobacco tax refund claims for on-reserve retailers.

REFUNDS FOR ON-RESERVE RETAILERS

On-reserve retailers may apply every two weeks for a refund of the tax paid on their fuel and tobacco purchases that are subsequently sold tax free to Status Indian purchasers. To provide fuel and tobacco tax refunds in a timely manner and reduce the chance for errors and omissions, the Department of Finance requires retailers to submit refund claims electronically. Finance can accept transactions that are submitted electronically from any approved cash register system, and can normally process these claims within seven working days. (Note: In the past, claims submitted in paper form took up to twenty working days to process.)

The Department of Finance is continuously working with First Nations and suppliers of cash register systems on ways to improve the delivery of the tax exemption and refunds and develop lower cost electronic solutions, particularly for small retailers.

A list of approved equipment suppliers and specifications can be obtained from Finance by calling or writing to the address shown below.

ELIGIBLE TAX-FREE PURCHASERS

To ensure that tax-free sales are made only to eligible Status Indian purchasers, Finance uses a database of Federal Identification card numbers to determine whether a person is eligible to receive a tax exemption.

Status Indians and bands may only purchase tobacco and fuel tax free for their own use or authorized purposes and not for resale or distribution.

Incorporated entities are not eligible for the tax exemption.

LARGE TAX-FREE SALES

To help First Nations and Saskatchewan Finance ensure that tax-free sales made to eligible purchasers are for their own use, Finance requires that a satisfactory explanation be provided for all large tax-free sales of fuel and tobacco products.

Retailers reporting and monitoring these sales must adhere to the following rules.

1) All tobacco sales of more than 600 cigarettes, 600 grams of tobacco, 600 cigars or a combination of 600 cigarettes, cigars and grams of tobacco per person per week must be reported to Finance on a unique pre-numbered Tax Exemption Voucher. Also, an acceptable explanation for the large tax-free purchase must be provided.

If the cash register system used by the on-reserve retailer does not automatically generate vouchers for large tax-free sales, a supply of vouchers may be obtained by contacting Saskatchewan Finance.

2) If more than 1,000 cigarettes, 1,000 grams of tobacco, 1,000 cigars or any combination of 1,000 of these units are sold to a person in a week, Finance must be notified in advance. A letter on band letterhead must be provided containing the following information:

- Name and title of the individual making the request
- Intended date(s) of purchase
- Quantity and units of the product(s) being purchased
- Name of the individual authorized to pick up the product at the store
- Date and name of the special event where the tobacco will be used (if applicable)
- Explanation of how the product will be used or why it is needed
- Date of the most recent prior request

3) All tax-free fuel sales of more than 200 litres per transaction must be reported on a Tax Exemption Voucher and an acceptable explanation must be provided.

Refunds may be adjusted for large tax-free sales that are claimed without submitting the necessary supporting documentation.

For Further Information

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